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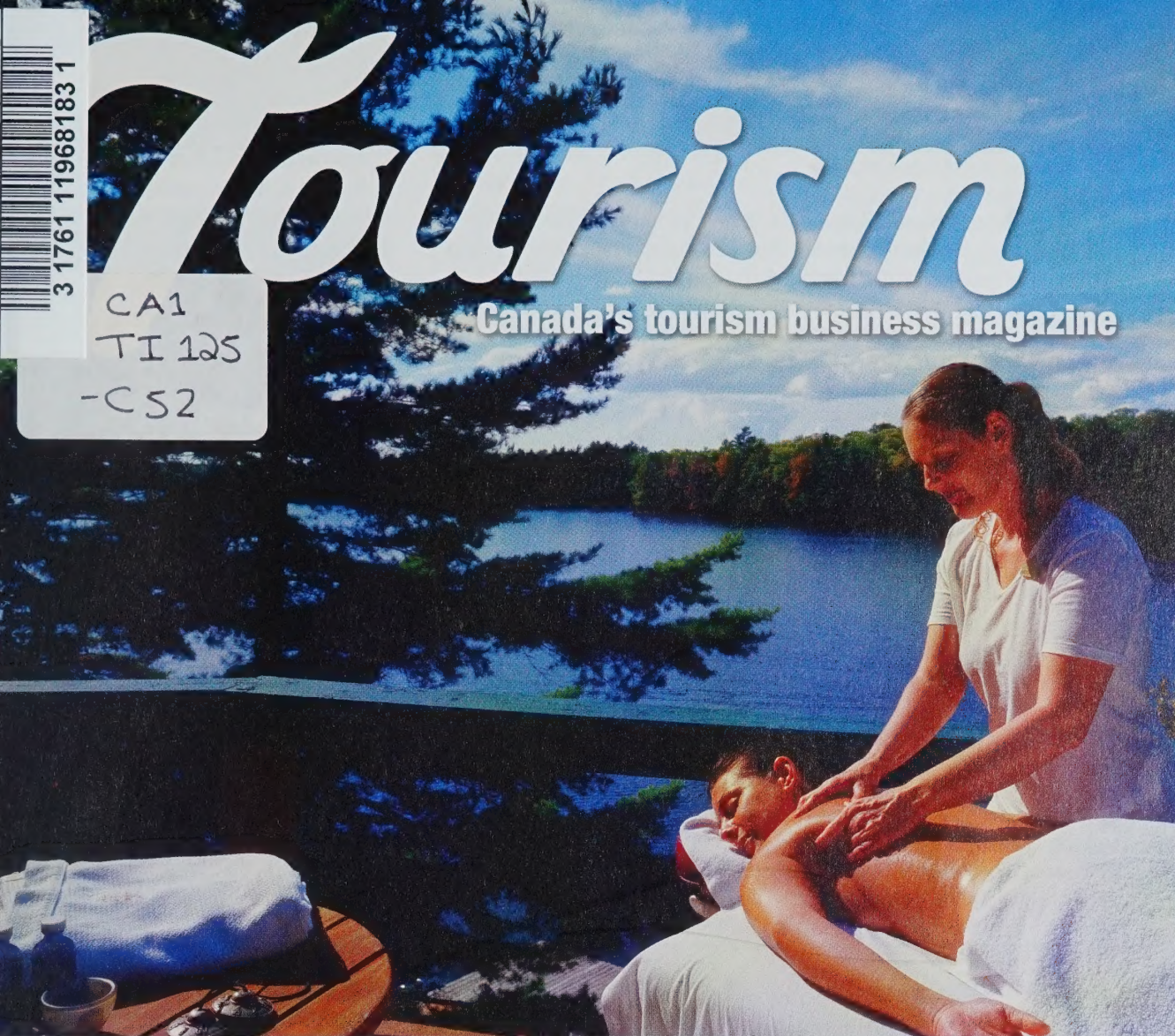


## Branding a nation

**An interview with Simon Anholt**

*The most recent Anholt Nation Brands Index (NBI) shows that global consumers perceive Brand Canada as the most welcoming and hospitable on the globe. The NBI gauges consumers' perceptions across six areas of national competence: investment and immigration, exports, culture and heritage, people, governance, and tourism. In the fourth edition of the NBI, Canada was ranked third overall, falling behind the United Kingdom and Switzerland.*

continued on page 3



## Third quarter trends positive overall

*The Short-Term Markets Outlook provides performance scenarios for Canada's major travel markets. A quarterly outlook of advance bookings and market intelligence is derived from the Destination Suppliers/Receptive Agent Business Outlook Survey (BO Survey). This survey was developed by the Canadian Tourism Research Institute (CTRI), a division of The Conference Board of Canada, on behalf of the Canadian Tourism Commission (CTC). To bolster the quality of this report, quarterly staff reports and surveys of key tour operators, administered by the CTC's foreign offices, are also incorporated. Please note that, since the outlook's scope is restricted to the third quarter of 2006, all growth comparisons are reported on a year-over-year basis compared with the third quarter of 2005. The full Short-Term Markets Outlook will be available on [CanadaTourism.com](http://CanadaTourism.com).*

### North and South American Markets

#### Canada

Canada's strong economic performance continues to bolster consumer confidence levels, supporting a buoyant outlook for domestic travel this summer. Although high gasoline prices are taking a bite out of Canadians' disposable income and may encourage some travellers to stay a little closer to home, they are not expected to derail the positive momentum behind domestic travel demand.

*BO Survey* participants anticipate overall domestic travel will expand 3.9% in the third quarter of 2006. Leisure travel is expected to grow 3.3%, bolstered by a 4.3% rise in group leisure trips, while FIT trips will grow 3.1%. Business travel is expected to maintain its steady pace of growth, increasing 4.9% in the third quarter of 2006.

#### United States

US travel to Canada continues to cloud the otherwise solid outlook for the Canadian tourism industry

this summer. *BO Survey* participants expect only minimal growth in US travel to Canada during the third quarter of 2006. Overall, US visits to Canada are expected to grow 1.8%. Group leisure travel is forecast to edge up 0.5%, while fully independent travel climbs 2.2%. Meanwhile, the outlook for US business travel to Canada suggests visits from US corporate travellers will rise 2.1% in the third quarter of 2006.

Over the coming months, climbing energy prices, combined with rising interest rates, are expected to have a noticeable impact on American consumers. Similar to last year, these factors are not expected to significantly reduce US leisure travel volumes, but may encourage Americans to stay closer to home when taking a summer vacation by automobile. In addition, the climbing value of the Canadian dollar continues to stifle the US travel market. Not only are higher prices having an effect on US leisure trips to Canada, but they are constraining business travel volumes as well.

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## We're doin' fine, eh?

### EDITORIAL

by Peter Kingsmill

Only the Australians seem to be able to mount an international tourism marketing campaign based around a tagline like "We've poured you a beer, so where the bloody hell are you?" (at first ruled unacceptable by Canadian regulators because it referred to an unbranded beer!) Regardless of (or partly because of?) somewhat over-the-top reactions by British and Canadian censors, the slogans have been marvelously successful at further promoting Australia as a warm, friendly, and inviting destination.

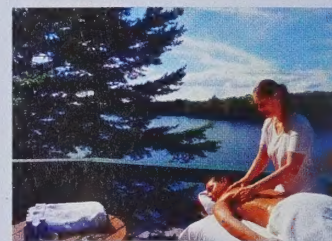
We Canadians are forever bashful. Even our widely-known sentence-closer, "eh?" seems something to be ashamed of; we never use it as a marketing hook, where we could capitalize on some instant recognition, particularly in the US. This national reticence is unfortunate, because we have so much to offer, and the world knows it.

National Brand guru Simon Anholt told *TOURISM* in an April interview that Canada's national brand places us at third overall in the world – behind only the United Kingdom and Switzerland – and we placed first in the investment, tourism, and people categories. Not surprisingly, we bashful types dropped to 14th place (our lowest category) when it comes to culture. It's not that we don't have culture – of course we do; we just seem to hide it behind a wall of cultural insecurity; perhaps one of the downsides of our preoccupation with multiculturalism is that we haven't figured out how to celebrate who we are – collectively – as Canadians. We certainly need to build our sense of place, so we can share it with our guests.

We also hear from Anholt that a tourism brand is not the same as a national brand, but that the two do work together: "Your tourism call-to-action via the tourism brand will be effective if it is honest, and if through experience it is proven to be true... good tourism marketing will build off the ideals of the Nation Brand." So, then, if our national brand is strong, and there is general agreement that our tourism brand "Canada. Keep Exploring." works for all of us across the country, then it's time to get to work. There are tourists waiting for a clear invitation to come here. **7**

## Tourism

MAY/JUNE 2006, VOLUME 10, ISSUE 3  
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### ON THE COVER:

There are 3.7 million Canadian spa-goers, a full 26% of whom have only been visiting spas for less than a year. This influx of new customers points to a bright future – and fresh opportunities – for the Canadian spa sector. Photo: The Inn at Manitou.

## To the Editor

### Publisher's Note

Letters may be edited for length and content.

For complete texts visit *TOURISM* Online at [www.canadatourism.com](http://www.canadatourism.com).

### Sport and tourism a logical match

*I am very happy to receive your informative magazine, which helps me keep up-to-date on a regular basis about tourism matters. You and your staff do a very good job. However, I am writing this letter to disagree with a statement made on page 10 of the March/April issue, in which it is written "...the connection between athletic achievement and tourism is not plainly evident".*

*In my opinion, nothing could be further from the truth! It was evident in Ancient Greece and Rome, less so but still evident in the medieval world, and obvious to an extreme degree in our modern world. Indeed, the symbiotic relationship between sport and tourism could almost be described as "a marriage made in heaven", naturally joining the world's biggest social phenomenon with the world's biggest industry.*

*I am but one of many academics around the world who have researched this connection in recent years. To illustrate my point, I suggest the writer of the article look at two books: The Tourism Industry: an international industry (M.Thea Sinclair, 1991) and Sport Tourism (Joy Standeven and Paul DeKnop 1999).*

*Thank you for taking the time to read my comment. Keep up the good work.*

Gerald Redmond  
(Professor Emeritus, University of Alberta)  
Vancouver Island

### High on the brand!

*I have been following this "branding" of Canada for a long time now and for whatever my opinion is worth, I think "we've got it right this time"! I hope you don't ever my opinion is worth, I think "we've got it right this time"! I hope you don't about rear window decals for our vehicles... after all, who does more driving around North America than lodge owners! We appreciate *TOURISM* magazine and the information it passes along to us; we read it cover to cover every time.*

Doug Antler, Antler's Kingfisher Lodge, Deux Rivieres, ON

### Invest in services, not just marketing

*Your magazine often refers to "delivering on the tourism promise". If we consider tourism development is required to deliver on the promise, and tourism marketing is what attracts visitors to travel to a destination, it stands to reason that both efforts must firmly go hand-in-hand.*

*As a development practitioner working at the community level in Manitoba's north, I find that senior government needs to make a more focused effort to plan, develop and promote tourism, and a situation in our area is a case in point. Over the years, the Town of Lynn Lake has spent a lot of time and money to promote the community's tourism assets, and this year will be able to showcase the area's high quality road-accessible lakes through having a television personality tape a fishing show here. But we have a problem.*

*Our boat launches are unusable. Each spring, the launches require work to bring them up to standard, as well as maintenance following periods of rain. Despite our efforts, the provincial government has been of no assistance in maintaining these essential tourist services. The catch is that the land on which the launches are situated belongs to the Crown, so there are restrictions on touching it. This is a classic case of tourism development being constrained by public policy, and the tourism promise we promote is going unfulfilled.*

*Marketing our more remote provincial parks through high-profile media is a compelling opportunity for the whole province. Visitors to parks are typically attracted by services like hook-ups for power, water and sewer, maintained trails for hiking, biking, and snowmobiling, and yes, usable boat launches. Without the necessary investment, visitors simply will not come.*

Mark Matiassek  
Community Economic Development Officer  
Town of Lynn Lake, Manitoba



continued from page 1

*In addition to having developed the NBI, Simon Anholt is a well-respected government policy advisor specializing in nation branding. TOURISM interviewed Anholt just prior to his recent presentation at Rendez-vous Canada in Toronto:*

**TOURISM:** *If Canada's Nation Brand is so strong, why do we need a national tourism brand? Are they not one and the same?*

**Anholt:** There is always a need for a tourism brand, and it does play a distinctly different role from a national brand. A Nation Brand is composed of a huge number of intangibles, which can be hard to pin down. The entire background, history and economy of a country contribute to the development of a Nation Brand.

Tourism is different entirely. As a product, it is sold to a specific market segment and through a developed strategy. It is important to note, though, that the two brands do work hand in hand, and the relationship between them does exist. You'll find that most countries which are particularly strong in promoting their nation brand are also quite successful at promoting their tourism products as well. Nation Brands are developed over lifetimes; through a national tourism brand you are able to continually update and reinforce those qualities which stand out in the Nation Brand. If a country fails to do this it may struggle economically when it comes to attracting investment and development.

The NBI has proven that consumers regard countries as a whole and do not make the distinctions that marketers do. Consumers do not separate tourism from the nation itself.

**TOURISM:** *We've all heard the expression, "great place to visit but I wouldn't want to live there!" On the other hand, Canada's tourism sector could be forgiven for being concerned that – while Canada is seen as a great place to live – people do not appear to be in any hurry to come for a visit. Since it would obviously not be in our best interests to alter our successful Nation Brand, how do you propose we make our tourism call-to-action more effective, so people rank us higher on their "must-visit" list?*

**Anholt:** Well, it wouldn't be advisable to alter your national brand, and you probably couldn't even if you wanted to – it takes decades to shift a Nation Brand. Your tourism call-to-action via the tourism brand will be effective if it is honest, and if through experience it is proven to be true. People already have a clear understanding of the country, particularly around its rural areas; there is very little danger of the two brands clashing.

It comes down to an issue of style: how we address the international markets and how they relate to us. The US is such an important market to Canada, not only in terms of consumer activity but also because it helps form a large part of how overseas consumers perceive Canada (i.e. not American). US foreign policy has proven very unpopular around the globe, and Canada is known as being *not* American and therefore appears more welcoming in the eyes of the consumer. Canada is known less, perhaps, for what it is, than for what it is *not*.

**There is always a need for a tourism brand, and it does play a distinctly different role from a national brand.**

It is an 'empty mystery', and because of this the concern tourism marketers have over Canada's activities around the world are well-founded. The Nation Brand is fragile and a strong national tourism brand can help strengthen the perceptions of Canada and make it less susceptible to the actions of other nations around us.

For many consumers, tourism marketing has the greatest lasting influence on their perception of the country as a whole. Canada has not had a "Lord of the Rings", or a "Crocodile Dundee" to firmly entrench a set of images in the eyes of consumers, so tourism branding will play this role, particularly around the city and cultural offerings that Canada has in spades.

**TOURISM:** *Recent research has shown that Canada is best known for its outdoor products and rugged nature but this is now starting to fail from a tourism-marketing standpoint. With the Canadian Tourism Commission's newly minted Canada. Keep Exploring brand (or call-to-action) do we have an opportunity to*

*re-invent the public perception of our tourism products?*

**Anholt:** Canada has more to offer than outdoor products, but the association of mountains and outdoors with the Nation Brand is very strong. Instead of supporting this already-established view, the tourism brand is able to accentuate those other aspects which may be overlooked or misunderstood.

From my experience in the UK, Europe and Asia, customers know very little about the "other" Canadian products. Take the cities for example: In the UK, I would expect few people know what Toronto, Vancouver or Halifax even look like, let alone have to offer in terms of a tourism experience. The very fact Canada remains such a mystery allows an opportunity for the tourism brand to step in and complete the picture without having to overcome past perceptions. The tourism brand should add to a consumer's established image of Canada and not try to replace it. (The Olympics will provide a great opportunity for this "re-invention" as well!)

**TOURISM:** *We have destinations within Canada with strong brands of their own – Quebec, for one, is obvious, Supernatural British Columbia is another. How do we get everyone to play together when it counts, in the markets where it matters?*

**Anholt:** The question of regional marketing is a function of distance from the market in question, and how familiar the consumers within that market are with the product being advertised. If you are dealing with an audience already familiar with your product, the regional and city destination marketing organizations are able to expand on the national picture, adding richness and depth to the more general messaging.

This is a powerful tool but a dangerous one as well. There is a critical distinction between those markets where your product is understood well, and those where it is not. With the international understanding of Canada's tourism products so one-sided, it



Simon Anholt

could be a mistake to market a different product under a regional destination name. Consumers may not make the connection and misunderstand what, or where, is being advertised. Consumers with only a limited knowledge of a destination can be easily confused, and that is something that marketers should steer well clear of.

At the very least, if a region or destination chooses to enter international markets, it should do so with a cohesive look and feel, more of a family approach. For example, advertising would be captioned with *Alberta, Canada* to help the audience better understand – and apply – the attributes of the Nation Brand to the product.

**TOURISM:** *Are there domestic benefits to developing and implementing a national destination brand?*

**Anholt:** Having a national brand gives the industry a common cause, and a common sense of identity. There is a very clear parallel: the "happiest" corporations also have strong, well-established brands. With good leadership, branding gives a "project" to the nation, establishing a goal to work towards, and this – in turn – gives strength to the brand externally.

A national-level brand (tourism or otherwise) makes people feel as though they belong – professionally and socially. **7**

## Write to us – it's so EASY!

At **TOURISM**, we strive to provide you with information about tourism industry issues you want – and need – to know about. Is there more? Is there something you want to read about? Is there something you would like us to investigate? Write to us – it's so **EASY!** E-mail: [tourism@ctc-cct.ca](mailto:tourism@ctc-cct.ca), or call 604-638-8342.



## Spa patrons are a complex lot

*The Canadian Tourism Commission (CTC) has released a study entitled **Identifying the Spa Traveler: A Look at US and Canadian Consumer Attitudes and Motivators for Spa Vacations** (2006). The report was produced by the Hartman Group of Seattle under a partnership between the CTC and the International SPA Association, and presents findings on US and Canadian spa travellers (defined as consumers who visit spas while travelling away from home). Topics addressed in the report include: the characteristics of spa travellers; how, when, and where they plan spa vacations; and what they do while engaged in their spa vacations. The following are some highlights from the study, which can be found online at [www.canadatourism.com](http://www.canadatourism.com):*

### Objectives vary

A key finding of this research is that spa travellers often have one objective for their spa visits when travelling – and another when at home. This is primarily true of spa-goers who generally approach spa activities as an important component to their long-term health and wellness. A spa vacation, in contrast, is often planned with a desire to relax self-imposed standards and indulge.

The study shows spa-goers falling into three distinct segments, depending on their level of participation in the larger “world” of spas. At the heart of this “world” is a core contingent or segment of spa-goers who feel that learning about, and going to, spas is important to their lifestyle. At the other extreme is a periphery segment of spa-goers who enjoy going to spas but otherwise show little interest in them. Between these two segments is a mid-level spa-goer segment that is interested in learning about spas but lacks the commitment and passion of the core group.

Despite the differences “at home”, these segments seem to actually appear more alike in their approach to spa vacations, because core and mid-level spa-goers tend to set

aside their more serious objectives when on vacation while periphery spa-goers become more adventurous and more willing to pay for treatments they can only justify as part of a vacation.

This shift in emphasis produces a convergence of some general attitudes and behaviors among spa travellers that normally distinguish the three segments; this seems especially true for Canadian spa travellers. Core spa travellers from the US plan around the type of experience they wish to have more than exactly where they wish to go; by contrast, Canadian spa travellers differ only mildly from the periphery spa traveller and, if anything, places greater weight on the destination than on the desired experience. Core spa travellers from Canada are much more interested in traditional tourism such as cultural education or stories to tell when they return home; their American counterparts are more likely to want experiences that renew or revive their mind, body and soul.

### Overview of the spa-going consumer population

One out of four adults (25% of Canadian and 26% of US consumers age 18 and older) has been to a spa. At the time of the study, 58% of the Canadians and 57% of the Americans who had been to a spa indicated going to a spa in the past year. These active spa-goers represent 3.7 million Canadian consumers and 32.2 million US consumers.

A significant portion of spa-goers has only recently joined the fold. At the time of the survey, 15% of US spa-goers said they had been going to spas for less than a year. An even larger percentage of Canadian spa-goers (26%) indicated they started going to spas within the past year. This influx of new spa-goers has created fresh opportunities for spas, especially those serving Canadian consumers.

### Profile of spa travellers versus other spa-goers

Spa travellers are more likely to be veteran spa-goers than those who only visit the spas close to them.

They not only have been going to spas longer, on average, they tend to try a much wider variety of spa treatments. Research findings suggest that visiting spas while travelling is not necessarily how consumers are typically introduced to the world of spas; rather it is what experienced spa-goers do on vacation.

Spa travellers do not travel to spas because there are no spas where they live. Indeed, they live in essentially the same regions of Canada and the US as other spa-goers. But spa travellers are almost twice as likely as other spa-goers to be core participants, the most knowledgeable (and critical) spa-goers.

Interestingly, men are more likely to be spa travellers than we would expect, given the number who participate; only about a quarter of all spa-goers in the US and Canada are men, yet over one third are spa travellers. In addition, the frequency of spa visits while travelling is higher for male spa travellers than it is for their female counterparts.

### Overview of spa use while travelling

US spa-goers are more likely to visit a spa while travelling than are their Canadian counterparts. Nearly two thirds (63% or 20.4 million) of US spa-goers visited a spa while on an out-of-town, overnight trip in the past year, but only half (49% or 1.8 million) of Canadians did so. Two out of three US spa travellers have taken at least two spa vacation trips in the past two years, but fewer Canadians (59%) have done so.

When they do go on a spa vacation, the vast majority of spa travellers go to a resort or hotel spa. Nearly three quarters (73%) of Canadian spa travellers and 81% of US travellers went to a resort/hotel spa when taking a spa vacation. And once they reach their destination, the favorite spa treatment is clear: large majorities (86%-88%) of spa travellers in both countries aspire to get a massage while on a spa vacation. A spa vacation also

appears to be an excellent opportunity to go shopping, take in some cultural attractions, and sample culinary delights; a spa vacation is about seeking pleasure, whether in the spa or out and about.

### Spa vacation planning

Spa travellers, not surprisingly, get involved in the planning of their spa vacations. Almost all spa travellers, whether US (90%) or Canadian (85%), helped plan at least one of the spa vacations they took in the past two years. The two predominant factors (other than budget) that spa travellers consider first when planning a spa vacation are: (1) a desired destination and (2) the idea of a certain type of spa experience. Canadian spa travellers are generally more likely than Americans to use a travel agent, while American spa travellers tend to gather information from multiple sources and to plan their trips on their own. Spa travellers' extensive use of websites to plan spa vacations has made the internet a powerful tool for reaching spa travellers.

### Spa vacations: Where, when and why

Generally, North American spa travellers prefer to travel to spas in the same region in which they live. Certain areas, however, do attract spa travellers regardless of where they live; British Columbia and the southwestern United States seem to have particularly strong appeal to spa travellers in their own country as well as ones across the border. And, while Americans seem a little reluctant to go on spa vacations during the winter months, Canadian spa travellers appear largely indifferent to the seasons.

Spa travellers in both countries agree on the five most important conditions to consider when choosing a spa vacation destination; at least two-thirds of each group feels that lodging accommodations, personalized services, cost/value, affordable destinations and type of spa treatment are at least “quite important.” 7



# Reaching travellers online: Part II

by Anna Pollock

*This is the second article looking at how travellers are increasingly using the internet to plan and book travel. The market of focus for this essay is the UK.*

In 2005, Canada attracted over 909,000 visitors from the UK who spent approximately \$1.28 billion. Despite the size of this international market, Canada only enjoyed a 1.4% share of outbound travel from the UK. If Canada wishes to attract more UK residents, we need to make better use of electronic channels to reach out and engage UK consumers.

According to various sources, approximately two out of every three adult residents of the United Kingdom regularly use the internet, equivalent to a total population of between 35 and 37 million surfers (source: Internet World Stats; eTForecasts and MORI). The majority (22%) of these internet users are aged between 35 and 44.

Broadband connectivity is widespread, with some 64% of all connections involving high speed access. As a consequence, internet advertising expenditures are also on the rise and the total spent on this media reached \$1.1 billion in value in 2005, a growth of 62% over the previous year and significantly higher than the 3% growth recorded for advertising expenditures as a whole during the same period.

The internet is the preferred method of obtaining travel information amongst internet users in the UK in 2005, with some 65% of UK internet users using the web to research travel. Other sources of travel information were as follows:

- Personal recommendation: 39%
- TV program: 24%
- Travel agent's office: 22%
- Newspaper: 14%
- Other method: 5%

This enthusiasm for the internet made the UK the largest online travel market in Europe in 2004, accounting for 36% of the European online travel market. PhoCusWright believes that one of the reasons online travel buyers in the UK are more web-centric than their counterparts in France and Germany is because of the high volume of airline tickets purchased online via UK low-cost carriers, which lifts internet usage overall.

Contrary to widely held perceptions that the internet is used (mostly) by youth, people over 50 are heavy internet users when it comes to researching and booking travel. Nielsen/NetRatings found that:

- 86% of all British surfers aged over 50 have visited a travel site in the last year. 1.5 million of them visited the secure pages of travel websites to book in September 2005.
- The most popular travel site with the over 50's is Expedia, surpassing by almost 900,000 visitors during summer 2005 the second-placed Lastminute.com.
- These surfers spend on average 40 minutes a month viewing more than 70 pages of content on a variety of travel sites, from airlines to cruise lines, hotels to travel agents.

According to PhoCusWright, the most salient reason (32%) for purchasing travel online is to compare travel options; a further 27% shop online to find the lowest price and 22% of UK online travellers do so because the internet is perceived as easier to use than other sources.

The major trend affecting web usage for travel planning is the arrival of such meta search engines as [www.kayak.com](http://www.kayak.com) and [www.allcheckin.com](http://www.allcheckin.com) that enable customers to instantly compare prices for flights, hotels and rental cars.

UK consumers not only use the internet to research and book travel but are also heavy users of mobile phones and digital TV. Some 17.6 million residents combine active internet surfing with mobile phone use and watching digital TV. As the quality of the TV picture in Europe is not far removed from HDTV, and as more and more consumers use digital sources for travel information, Canadian suppliers and marketers need to use stunning imagery to capture the attention of this market, and rely less on paper brochures. 7

## A monthly guide to travel & tourism data

Tourism Activity	Reference Period	Quantity	% Change from previous year
<b>Tourists to Canada</b>			
From the U.S. – Total	January-February 2006	1,187,475	-9.4
By Auto	January-February 2006	701,151	-7.9
By Non-auto	January-February 2006	486,324	-11.5
From Overseas – Total	January-February 2006	404,143	2.9
United Kingdom	January-February 2006	81,024	-5.6
Japan	January-February 2006	38,130	0.7
France	January-February 2006	39,817	3.1
Germany	January-February 2006	21,923	0.3
China	January-February 2006	12,898	12.2
Australia	January-February 2006	20,896	-12.5
Mexico	January-February 2006	17,155	30.1
Korea (South)	January-February 2006	22,080	5.9
<b>Outbound Canadian Tourists</b>			
To the U.S. – Total	January-February 2006	2,036,776	7.4
By Auto	January-February 2006	929,801	8.3
By Non-Auto	January-February 2006	1,106,975	6.6
To Overseas – Total	January-February 2006	1,419,907	5.0
<b>Employment in Tourism</b>			
Total Activities	Fourth Quarter, 2005	619,800	1.6
Accommodation	Fourth Quarter, 2005	159,700	1.5
Food and Beverage	Fourth Quarter, 2005	146,600	1.0
Transportation	Fourth Quarter, 2005	84,900	2.8
<b>Selected Economic Indicators</b>			
Personal Disposable Income per person (\$)	Fourth Quarter, 2005	24,528	1.0
GDP at market prices (current, \$ billion)	Fourth Quarter, 2005	1,411.7	2.0
GDP chained (1997, \$ billion)	Fourth Quarter, 2005	1,170.4	0.6
CPI (1992=100)	March 2006	129.2	2.2
<b>Exchange Rates (in Cdn\$)</b>			
American dollar	March 2006	1.1574	-4.8
British pound	March 2006	2.0185	-12.9
Japanese yen	March 2006	0.0099	-14.7
EURO	March 2006	1.3921	-13.2

**Note:** All tourist estimates deal with trips of one or more nights; all data on this table is not seasonally adjusted except for the GDP at market prices and the GDP chained.

**Source:** Statistics Canada and the Bank of Canada

## International inbound travel down 10% in February

Total international overnight travel to Canada decreased by 10.5% in February 2006 compared with the same month one year earlier, due mainly to an eleventh consecutive decline in travel from the US (down 12.9%), combined with a softening in overseas travel to Canada (down 2.1% from February 2005).

The continued deterioration from the US market was largely because of a drop in overnight auto travel, down 11.6% and representing a loss of almost 50,000 trips over the same month last year. Air travel from the US was also down by 12.3% to 208,000 trips.

Overnight trip volume from overseas destinations totalled 202,821 trips, 2.1% less than in February 2005. Of the CTC's key overseas target markets, in Europe, the UK (-10.5%) and Germany (-1.7%) experienced losses while France registered a modest 0.4% growth. In Asia/Pacific, Australia (-11.4%) and Japan (-3.2%) also registered declines. Partially offsetting the slowdown were gains by China (+15.6%) and South Korea (+8.7%). Mexico continued to register an outstanding performance, increasing by 21.8% compared to February 2005. 7



## Online Revealed: Browsers

by Jens Thraenhart

What do you use to “surf” the internet? While it seems painfully obvious to those “in the know”, the tool we use to access the internet is called a browser, and this browser is a program which reads the data-set hosted on a website and converts it into what you see on your screen. What many of us don’t realize – particularly in North America – is that there is more than one browser choice available.

We North Americans rely very heavily on Microsoft products; most of us are likely to use Windows (’98, 2000, XP, etc), Word, Office and Outlook on a daily basis. Microsoft’s browser (Internet Explorer, or IE) is bundled right along with those other products, and so by default it has become the most popular browser in the world. In fact, over 80% of those reading the online version of this article are using IE to do so. Elsewhere in the world this is not the case. Macintosh (Mac) computers have their own browser (Safari) and so too does the Linux operating system (Firefox), and there are a handful of other lesser-known browsers.

The great thing about tourism is that it spans oceans, crosses continents and connects time zones. Because of this, a tourism operator’s website (which could be based in Gimli, MB and work just fine on IE), may appear much differently to 30% of the market in the UK for example, where Firefox is much more popular. Not all browsers interpret data in the same way, which means that a website “optimized” for only one browser may look rather odd in another. It will probably be readable but the layout and general look will not be consistent. As a business owner, it makes sense to ensure any potential customer visiting your website – regardless of browser – is able to have the best online experience they can.

In the modern era of the ‘web’ (which at the speed of technology change means roughly the last five years), software companies have realized they cannot work in isolation. Any software company foolish enough to design a browser that cannot utilize (surf) all of the ‘web’ will quickly go out of business. This was not always the case and

issues of incompatibility were once very common, forcing organizations to host two or three separate websites just to ensure global accessibility. Nowadays, most companies’ work under the guidelines of the World Wide Web Consortium – or W3C – to ensure their software is all W3C compliant. Therefore, web designers worth their salt will ensure their sites are as W3C compliant as possible.

There are other advantages to keeping up-to-date with the W3C standards. The current practice is to use a technique called “cascading style-sheets” or CSS in web-speak. These allow for pages to load faster, be more dynamic and are much easier to maintain. Websites which are W3C-compliant also gain a slight advantage in search engines, which could put your website a little higher on the list after a potential customer “Googles” you.

All the browsers to come out in the last few years build off the standards that came before them. As a result, the product improves while ensuring it will still handle those websites which may be somewhat dated. But even this has limits: newer browsers may not properly display older websites if those websites are not standards-compliant.

If your website is getting “up in years” it may be worth asking a friend, or a local web design firm, to test out your website and ensure it is up-to-par, even if it looks just fine on your system.

*Jens Thraenhart is executive director, marketing strategy and customer relationship management at the CTC (thraenhart.jens@ctc-cct.ca). 7*

## Browsing for browsers

### Internet Explorer

The real value of Internet Explorer (IE or Explorer) isn’t what’s built into it, but what’s built around it. Most websites are designed for IE, and various third-party tools, such as the Google search bar or the Macromedia Flash plug-in, abound. Unfortunately, Microsoft has shown to be a popular target for “hackers” and coding and security flaws are common.

#### Positives:

- Comes bundled with Windows and many new PC systems
- Includes a pop-up blocker
- Takes advantage of built-in security, selectively blocks ActiveX controls

#### Negatives:

- Suffers from chronic security holes
- No RSS (Really Simple Syndication) reader
- Latest version available only within Windows XP SP2
- Tech support from Microsoft can be expensive

### Firefox

The Mozilla Firefox browser has made a big dent in Microsoft’s IE domination over the desktop internet browser market. Firefox offers versions that run on Windows, Mac and Linux platforms; the browser is proving particularly popular in Europe with market share as high as 38% in some countries. Firefox continues to make usability and features a cornerstone of its success.

#### Positives:

- Has drag-and-drop tabs, text searches and RSS capability built-in
- Faster performance and incremental updates
- Latest security features and fewer security flaws

#### Negatives:

- Requires you to update most of your extensions
- Requires you to manually update security and patches
- Slightly less user-friendly for beginners

### Safari

For Macintosh (Mac) users, Safari is the leader and with Apple promising faster performance, many of the browser’s underpinnings have been revamped. Safari’s JavaScript performance has jumped a whole order of magnitude, improving the performance of the browser in many applications; graphics-heavy pages, for example, load much faster.

#### Positives:

- Built in RSS reader
- Industry-leading security and privacy
- Integration with Macintosh operating system tools

#### Negatives:

- Not extensible meaning less “plug-in” tools available
- Macintosh platforms are less common than PCs
- The general look and feel may require some adjustment for those accustomed to IE

## New product lines being developed

The Canadian Tourism Commission’s Tourism Innovation Partnership Program (TIPP), a 2004 evolution of the former Product Club program, is intended to bring forth market-ready tourism products which research had shown to be in demand by travel consumers. Two new TIPP groups will hit the market in 2006.

**The Wine Islands Project** was formed to market Vancouver Island and the Gulf Islands as a destination for culinary and agricultural tourism. Wine Islands also serves to promote the farming communities of the region in a bid to reverse the erosion of the local agricultural economy. The project calls for the creation of a wine route highlighting local culinary and agricultural tourism activities.

**Peace River Geo-tourism** packages the cultural, historic, architectural and geographic resources of Alberta’s Peace Country encouraging tourists to explore the region. The project seeks to benefit from two apparent trends: a growing interest in cultural and heritage tourism, and a hobby known as *geocaching*. The plan is to establish geocaches (located using a Global Positioning System, or GPS) at the 270 most significant sites in the Peace Country. Grouped by themes, these unmanned geocaches will provide information on local businesses and advice on how to find other sites. 7



# Market share and real growth

## PERSPECTIVE

*There has been a lot of emphasis in the past on the importance of maintaining Canada's tourism market share, which is measured by percentage and has been dwindling. The discussion is shifting; in an effort to understand how new marketplace realities affect our perceptions – and our strategies – TOURISM talked with Canadian Tourism Commission (CTC) president and CEO Michele McKenzie. Here are her comments on the subject of market share, growth, and sustainability:*

"We are focused on revenue. A lot of our reporting, of course, is about numbers (of visitors) but the CTC strategy is about driving revenue; it is a strategy based around yield. The challenge is how this gets communicated. The first numbers that come out every year are about volume, and of course that is one indicator, but those numbers can really skew the messaging of success in a yield-based strategy.

"To be sure, Canada is losing market share in the world, and that is often a point of discussion. But in context, every established tourism

destination in the world is losing market share. The country that is, in fact, losing market share the fastest is the US, who is losing market share much faster than Canada in terms of percentage points.

"The reason for this is not because people are no longer going to established destinations, but because there are so many brand new destinations that have come on-stream over the last ten or twenty years, and there are millions of new outbound visitors from any number of countries. If, for example, you think about what was happening in China ten years ago, it was neither easy for Chinese people to visit Canada, nor the other way around. Now that China is opening up as a market for outbound travel, and while it opens up a huge potential for Canada, one can see that most people who are travelling outbound from China are staying close to home – they are going next door. This is not unlike what we see in Canada: most Canadians who travel out of the country visit the US, next door.

"And, there are popular new destinations that have been developed seemingly out of thin air – Dubai, for example. The growing number

of countries that have decided to focus on inbound tourism to develop their economy (and who have invested heavily to do so) coupled with the impact of emerging markets (where there is a growing middle class and many more people travelling outbound) have seriously altered how we must look at market share as a measure of success for Canada.

"We need to focus on our overall goals, in terms of percentage of revenue or even share of revenue (which is a very different share number than market share). Right now, we could not maintain our old market share numbers in Canada because we have neither enough airline seats or hotel rooms to get all these new people here; tourism is, indeed, the fastest growing industry in the world. There has been an increase of 20% in the number of hotel rooms worldwide in the last three years – the numbers we're talking about are huge!

"We have to stop talking about market share and start talking about our individual goals, and our share of our *target* market and how we are competing for that.

**TOURISM:** *What about the sustainability of our Canadian product? Is enough ever... enough?*

"In Canada, by a combination of good luck and good management, we have pursued a tourism development strategy to have a destination which enhances our own way of life. We may not articulate it quite that specifically in all areas of the country, but nonetheless it is what we are doing.

"This is very different from countries that single-mindedly pursue foreign exchange, essentially keeping their visitors and their citizens separate. Tourism – to destinations like these – is all about money, and not at all about quality of life for local residents. Canadians, on the other hand, have shown themselves to be intolerant of tourism development strategies that compete with the quality of life we enjoy here; in fact, I would go so far as to say we have been remarkably vigilant about pursuing only those tourism developments that *enhance* our way of life.

"Of course, the challenge for us is to develop our products so the experience for our visitors – whether on group tours or as independent travellers – is as authentic as it can possibly be, while at the same time accommodating visitors' needs within the overall goal of preserving our own quality of life. **T**

## Bringing life to the brand

*A new face at the Canadian Tourism Commission (CTC), Gisèle Danis joined the CTC's marketing team just a few short months ago. Danis, the current executive director of brand integration, will be rolling-out the refreshed Brand Canada. With a background in brand optimization and partnership, Danis has worked with a number of major players in the tourism world including The Walt Disney Company and Parks Canada. She also has a solid understanding of communications, public relations and television media.*

I recently returned from Rendez-vous Canada which, as many of you know, is Canada's largest tourism marketplace. It was great to see so many familiar faces and I was fortunate to have been introduced to so many of you I had never met before.

Among the new faces was Shawn O'Farrell, a small business owner in Banff. I'll never forget our first encounter. After introducing myself to Shawn and explaining what I do at the CTC, he immediately asked: "Where is it? Where's the brand – why are you hiding it or keeping it in the closet?"

I laughed, and realised Shawn was serious. He wanted access to our brand to help him integrate it into his marketing programs in order to drive business. That's what many of you have been asking me for since I have arrived. In fact, the *Letter to the Editor* (page 2) is just one of many comments I've gotten over the last few months echoing Shawn's desire to work together. I realize that you must be eager to get started as many of you may already be thinking ahead to 2007. But as our industry partners have pointed out, Canada has been communicating the same message (pretty pristine landscapes, passive postcard settings) for over 60 years. Putting a fresh face to our brand

(landscapes that come to life, expressing compelling experiences with images that tell stories) is not something that will happen overnight.

I appreciate Shawn's concern, and can provide a few answers. The first brand "tool" scheduled for release will be a summary to help you understand and integrate the brand. This may seem a bit redundant, but it is critical that we are all working off the same page *before* we go out to the consumer audience. Simon Anholt, an expert in nation branding research, comments elsewhere in this issue that confusing the customer is something "to steer well clear of"; the summary will help us do just that.

Over the next six months, the CTC will begin to unroll a series of brand tools to help you better apply the brand to your own operation.

First the summary, but more will quickly follow: standards for web and print production, creative briefs, b-roll for media usage, an ongoing expansion of the image gallery, and enough information for you to put this all to use.

As each of the tools become available, your feedback will be invaluable.

I encourage you to write, or call me and ask that nagging question. I need you to tell me "How do I theme my conference to the Canada Brand?", or "I'm running an ad in Mexico. How do I write *Keep Exploring* in Spanish?" To elevate this brand from an idea

spoken about in magazines to something that works on the ground level requires that we work together each and every step of the way.

I expect that with each new development, readers will send in their questions; in fact I hope you do. I very truly want to make sure that you have the necessary information to make the brand work. Send in your questions and comments, on anything I have written here, or any of the tools yet to come. I can be reached at [danis.gisele@ctc-cct.ca](mailto:danis.gisele@ctc-cct.ca) or 604 638-8389.

Looking forward to bringing the brand to life *together!* **T**



**CANADA**  
Keep Exploring



# Tourism CEO Summit

Chief executive officers representing 18 of Canada's hotels, destination marketing organizations (DMO), and related tourism companies met on April 24, 2006 in Toronto to review the presentation from D.K. Shifflet and Associates on the US Leisure market and exchange perspectives on moving forward to 2007 and beyond to address that market. The Tourism CEO Summit was hosted by Canadian Tourism Commission (CTC) president and CEO Michele McKenzie, and included representatives of the CTC, its consultants and Industry Canada.

There was a consensus that the US market is under-exploited for Canada, and that the CTC needs to continue to communicate a longer-term plan of attack for the market. There was agreement that the

CTC was the appropriate vehicle to move this agenda forward, especially continuing its strong leadership on the research front.

Working together in a collective effort is still a valued exercise and partnerships are seen as a powerful tool to regain the US market. Emphasizing the need to work collectively, one attendee pointed out, "today (we are worried about) the United States, tomorrow it could be Europe. We need to find ways of better working together as an industry, and the sooner the better."

Communicating the CTC's mid- and long-term strategy to the industry is key. Roy Anderson, CEO of Tourism Saskatchewan, commented to *TOURISM* that the CTC needs to get a mid-term plan in place to define what they are

going to do in the US market, rather than deal with it every year as a crisis. "Is there a crisis right now? You bet. Can we solve it right now? Maybe we can do some stuff right now, but the bigger question is, 'what is the plan for 2007, 2008, 2009 in the US market?' If we in the industry as a whole know what is going on, and what the CTC's longer-term plans are, we can align what we want to do."

The Summit confirmed the commitment of leading tourism companies and destination marketing organizations to work collectively in this fiercely competitive market. Returning to basics like making sure our product differentiation is clear, that the product we offer is what the market wants, and that strategies are implemented to position the product effectively in the most efficient markets, will hold the key to Canada's success in the US leisure market. 7

## US MARKET THE BIG PICTURE

**Total target audience:** 192.7M

- Aged 25-54: 125.6M
- 55+: 67.1 M

**Total US outbound leisure travel:** 51M

- Mexico: 16M
- Canada: 12.4M
- Europe: 9.6M

- Canada's market share: 24%
- Mexico's market share: 31%
- Europe's market share: 19%

**Total overnight leisure spending in Canada:** 6.1B

By 2010 the target audience is forecast to reach 204M. The US is Canada's second largest source for international travel expenditures and largest single source for visitors and expenditures.

## Competing for America: 2006 US Leisure Strategy

The Canadian tourism industry has been suffering from a decline in the volume of American leisure travellers crossing the border. Exacerbating an already challenging situation, Canada is severely out-spent by competitive destinations: the Canadian Tourism Commission (CTC) and its partners share an advertising voice in the US market of 4.4% (2004). The US outbound market to Canada is estimated to be worth \$22.7 billion. Canada currently captures about 24% or \$6.1 billion USD: vast potential remains.

The 2006 strategy was designed to reach high-yield customers with the greatest propensity to travel to Canada. The decision was made to focus on the return-on-investment, choosing revenue over lower income volume. In so doing the strategy identifies two major consumer groups:

### Previous travellers to Canada

- 35-54 years old, \$50K + household income, no children and,
- Over 55 years old, \$50K + household income, no children;
- Southern market (Los Angeles) and mid-markets (New York City, Boston)

Previous travellers have the highest level of awareness and a high satisfaction rating for their vacation in Canada and are already positively inclined to travel here. The objective in 2006 is to encourage this group to visit again, and have them recommend the experience to their peer group.

### New potential travellers to Canada

- 35-54 year old, no children, and 18-34 year old, no children,
- Southern US (Los Angeles) and mid-markets (New York City, Boston)

Travellers who have not been to Canada in the previous five years hold the greatest potential. They represent 73% of the leisure market, and an additional 11.8 million person stays. The challenge for this market will be to get them to a trial first visit, and provide an experience strong enough they will want to visit again.

The *US Leisure Travel Study* revealed that while positioning Canada as a simple getaway was effective as a counter to the external events of 2001 – 2003, the market is now demanding more from their travel experiences. Canada should be presented as a place where Americans can experience authenticity, culture and unique activities.

Public and media relations activities will serve to support the Canada Brand in a cost-effective manner. Recent investments in an e-marketing platform and the newly branded CTC website provide ample opportunities to engage with media and integrate Canada content into regular editorial.

Travel trade channels will be refined to enhance consumer-marketing messages and to provide an outlet for the consumer to find information. For previous travellers, the strategy will create customized programs with key national travel agent consortia and direct-to-consumer tour operators, with a particular focus on travellers who are pre-disposed to longer vacations to Canada. This includes a direct-to-consumer approach in addition to ongoing agent training, product trial and incentive programs.

Authenticity is everything, and unsolicited information on electronic bulletin boards, blogs, destination reviews, and online communities are important influencers for the modern consumer. The CTC will create programs that will make the traveller an advocate of the experience in Canada through these communities / vehicles.

In 2006, the CTC will continue to invest in specialty niche programs (such as ski and gay travellers). Travellers within these niches tend to be high-yield, frequent international travellers and trend influencers, with a propensity to try new destinations.

There is also a demonstrated interest from industry partners to test trial programs in 2006. Chicago has been chosen as the main market of consideration: it is a well-situated, mid-market city that rates very high for expected relative returns.

### Looking ahead

The *US Leisure Travel Study* research has yielded many insights into the potential of the US market. Following research-based strategies is an important first step in recovering the lucrative US market, but so is collectively marketing to better impact Canada's share of voice in these markets. The CTC has begun activities to build support around this collaborative perspective, and the US leisure working committee – through ongoing meetings with major partners and industry – will define the 2007 plans.

For more information on the US Marketing Program or the US Travel Study, visit [www.canadatourism.com](http://www.canadatourism.com) or contact [chretien.siobhan@ctc-cct.ca](mailto:chretien.siobhan@ctc-cct.ca). 7



## On a southern wind: Low-cost carrier crosses the border

Calgary International Airport, or YYC in 'airport-eze', is quickly growing in stature as an international hub. A recent move by the US low-cost carrier Frontier Airlines (based out of Denver, CO) to provide non-stop daily service to Calgary has firmly entrenched this position.

"We like to say that you can get to Calgary from anywhere in the world with no more than one stop," kids Leslie Gavin, manager, passenger air service development at YYC. "And I've often wondered how many US citizens reside here; I've been told as many as 90,000 so there is a good customer base to support the flights." With crude oil at record highs, Alberta's economy is booming. And, a great deal of oil and gas business is conducted in Denver, making it a natural "hub" for the Frontier flight.

The most exciting twist on this recent development is that Frontier is the first and only true low-cost carrier from the US that sells direct flights across the border. The term to note in the last sentence is "low-cost" or "budget". "There are lots of airlines with a range of fares, but only a select few fall into this category: Southwest, Spirit, Frontier and WestJet," explains Gavin. "These carriers operate in a very non-traditional fashion. They usually are not unionized, offer a unique pay schedule and they don't have the organizational costs the larger legacy carriers must bear."

For the local and provincial tourism industry, Frontier's new flights could bear significant fruit thanks to a phenomenon known as the *Southwest Effect*, so named after Southwest Airlines:

*"The key concept to the Southwest Effect is that when a low fare carrier (or any aggressive and innovative company) enters a market, the market itself changes, and usually grows dramatically. For example, when fares drop by 50% from their historical averages, the number of new customers in that market may not just double, but actually quadruple, or more."*

Wikipedia (<http://en.wikipedia.org/wiki/WN>)

For a Canadian example one can look at WestJet. When it entered the market a few years ago, there was concern it would be pulling customers from Air Canada and the now-defunct Canadian Airlines. This was not the case, whether due to a new competitive environment, new pricing or simply greater product awareness among consumers. Gavin states: "They didn't just draw from the same pool of customers, but attracted new ones."

So, while the number of people on the Denver – Calgary flight would temper the actual gain of this "Southwest Effect", the 140 inbound seats per day on Frontier already account for almost half of the total number of arrivals from the Mile High city. Because Denver serves as Frontier's hub airport, Calgary is now more accessible to US and Mexican travellers as they can remain on the same airline through each leg of their journey. Gavin does expect the low-cost carrier to expand its service to Canada "over time", but adds that a major competitor (Southwest) has stated they have no intention of doing the same. "For the inbound market they provide links with 45 major cities across North America."

The Calgary airport currently receives 1100 US passengers each day from hub cities across North America. The top entry states are California, Texas, New York, Illinois, Washington and Colorado, which account for roughly half of the total US passengers.

So whether the *Southwest Effect* will actually have an effect on Calgary's tourism industry remains to be seen, but in either respect, by removing any barrier to travel (whether higher costs or additional stop-overs en route) the end result will indeed be positive. 7

## Sinking sends ripples inland

When storms cloud the horizon, businesses and marketers may need to alter course. When the passenger and auto ferry *Queen of the North* struck Gil Island in Wright Sound in BC's Inland Passage and sank, there were dramatic implications for the 2006 tourist season for places like the Queen Charlotte Islands, Prince Rupert, and well into the province's northern interior.

Although the *Queen of the North* has been temporarily replaced on the run by the *Queen of Prince Rupert*, she is a smaller vessel with lower capacity. The *Queen of the North's* route (Route 10) represented a bottleneck on the Totem Circle Tour even before the sinking, and according to Tourism Prince Rupert's Bruce Wishart, a large volume of FIT was already being turned away because of insufficient vehicle capacity.

On Route 10, 40% of the passengers were from overseas (Germany, UK, Netherlands, etc.), with 24% of these tourists planning their trip inside two months. 30% were from the Pacific Northwest and Alberta, with 55% of these planning their trip inside two months. 20% were from other North American destinations, with 54% of these planning their trip inside two months. Just 10% of the total route capacity were local travellers.

"The potential ramifications of (the current situation) are serious for the tourism industry," says Wishart. "One Prince Rupert hotel has reported that only 48% of the group tour traffic already booked in the hotel for 2006 matches up with the announced sailings; of course, this is assuming those wholesalers are willing to work with this schedule and confirm any bookings whatsoever. FIT seems to be in disarray, with no phones ringing in visitor centres throughout the impacted areas since the sinking."

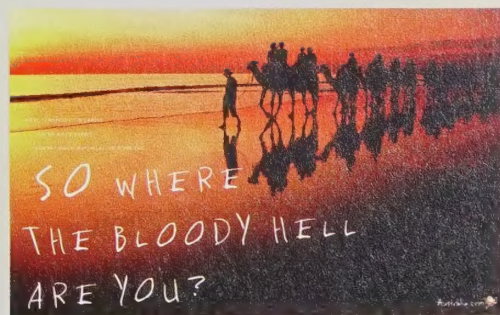
Even deep in BC's interior, a Prince George B&B operator reported 90% of Prince George B&B bookings came from circle tour traffic, dependent upon the Inside Passage sailing. "Overall, we have a serious impact through the North, Interior, Vancouver Island and Queen Charlotte Island partners," continues Wishart. "One small gas station in Kitwanga, BC estimates it stands to lose \$850 per day over the course of the 2006 season; a single accommodation property in Prince Rupert has reported its losses in gross revenue for the 2006 could be \$1 million. The implications for the broader tourism industry cannot be overstated."

The industry has reacted by seeking solutions. BC Ferries (owner of the BC fleet), Tourism BC, and the Council of Tourism Associations (COTA) are looking for short, medium and long-term solutions for both group and FIT consumers, as part of an integrated recovery strategy. Operators in the interior are working together to create tour options to offer to potential visitors this summer; small businesses are resilient thinkers, and work easily together to overcome common threats; nowhere is that more evident than in northern BC this year. 7

## ... only in the Online!

Australia has long been one of Canada's closest competitors for the tourism dollar. The two nations share a great many similarities: friendly and welcoming people; interesting, yet relatively unknown culture; and jaw-dropping scenery. With Australia recently hosting the 2000 Olympics – and Canada gearing up for 2010 – there is a lot that can be learned from the 'Aussies'.

As competitors we share the long-haul European travel market, and as key consumer markets we both provide ample opportunity for outbound travel. The June issue will take a closer look at Australia from both perspectives, and you can find it... *only in the Online!* 7





continued from page 1

Unfortunately, these trends suggest Canada's US travel market remains vulnerable to further declines.

## Mexico

*BO Survey* participants expect leisure travel from Mexico to expand 5.7% during the third quarter of 2006. Growth in FIT visits is expected to continue its lively pace, rising 7% over the period, while growth in group travel continues to lag behind at 4%. Mexican outbound travel trends remain strong, with Canada benefiting from much of this increase in travel volumes. In the first two months of 2006, Mexican visits to Canadian destinations surged more than 30% compared with the same period of 2005. The substantial increase in direct air capacity planned between Mexico and Canada over the third quarter, particularly for Mexican branded airlines, should help spur continued growth in Mexican visits to Canada over the summer travel season.

## European Markets

### UK

Reports from the British travel industry suggest that UK travel demand has started to ease. Short- and medium-haul booking volumes remain behind last summer, although capacity cutbacks have resulted in further pricing gains for many British travel suppliers. The outlook for long-haul travel is more optimistic, although the 2006 FIFA World Cup tournament in Germany in June and early July may delay some summer trips, since many travellers want to remain in the same time zone as the games.

*BO Survey* participants expect overall travel from the UK to expand by 2.6% in the third quarter of 2006, compared with a year earlier. Leisure travel is expected to grow 2.5%, with a 4.4% boost in group leisure travel and 1.9% increase in FIT. Meanwhile, UK business travel to Canada is expected to climb 2.9%. Positive long-haul UK travel trends support the outlook for slight growth in travel to Canada over the summer travel season.

### France

French travel demand continues to show little momentum overall, constrained in part by the lacklustre performance of the French economy. The outlook for French travel to Canada, however, is a little more optimistic, supported by

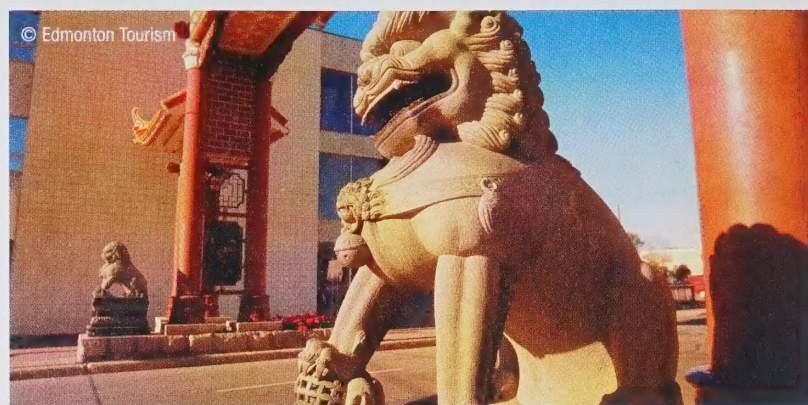
outbound travel trends that appear to be on a more positive trajectory. According to the CTC overseas office in France, a rapidly growing number of French travellers are using the internet for travel research, which is encouraging them to widen their vacation horizons and choose travel destinations further abroad. Looking ahead, French visits might receive a boost from a small improvement in air access to Canada over the third quarter of 2006. However, one of the challenges facing Canada's French travel market is deteriorating price competitiveness of Canadian destinations due to further depreciation of the euro vis-à-vis the Canadian dollar.

*BO Survey* participants expect French visits to Canada to grow 2.5% in the third quarter of 2006. In a reversal of recent trends, group leisure travel is expected to increase 2.9%, outpacing growth in FIT (2.1%) during the period. Independent travel is expected to increase 5.6%, while group leisure travel continues to grow at a somewhat slower pace (2.5%). Consequently, overall leisure travel is expected to climb 2.5% in the third quarter of 2006.

### Germany

German travel agency sales posted solid growth in the first quarter, but advance bookings for trips up to the end of the summer season are falling behind the booking pace set last year. Booking revenues, however, are slightly ahead, which suggest that travel product pricing levels continue to strengthen. The 2006 World Cup tournament set in Germany is partly to blame, but other factors include concerns about the avian influenza outbreaks cropping up, and the negative effects of the sluggish German economy on consumer demand. However, one promising leisure travel market emerging from Germany is the singles market, which the CTC will target over the coming months.

*BO Survey* participants anticipate overall travel from Germany to expand 3.8% in the third quarter of 2006 compared with a year earlier. Growth in group leisure travel (4.6%) is expected to outpace growth in FIT visits (3.5%) during the period. As a result, German leisure travel to Canada is expected to rise 3.9% over the third quarter. The price-competitiveness of Canadian destinations continues to decline for German travellers, but a small increase in direct air capacity should help facilitate modest growth in German visits over the summer travel season.



## Asia-Pacific

### Japan

There has been a modest improvement in the outlook for Canada's Japanese travel market for the summer travel season. *BO Survey* participants anticipate Japanese visits to Canada will expand 2.3% over the third quarter. FIT is expected to grow 4.2%, outperforming group leisure travel (up 1.5%) by a wide margin. As a result, Japanese leisure travel to Canada is expected to increase 2.2% over the summer travel season. Expectations for business travel from Japan have reversed from the negative growth expected earlier this year, to an increase of 2.8% for the third quarter. The less favourable exchange rate and further reductions in the level of direct air access between Japan and Canada remain a challenge for this market.

Reports from the CTC's overseas office in Japan, however, are somewhat more positive. Japanese outbound trips are expected to continue rising this year, building on the solid growth recorded in 2005. Japanese enthusiasm for travelling continues to strengthen, buoyed by the continued recovery of the Japanese economy.

### South Korea

*BO Survey* participants anticipate overall travel from South Korea will maintain its steady pace of growth over the third quarter of 2006, expanding 3.5% compared with the previous year. Direct air capacity from Korea is slated to increase by more than 7% during the period, which should help facilitate the projected growth in Korean visits. Additionally, Korean travellers will find Canadian destinations more price-competitive with the strong appreciation of the Korean won. The strength of the won has been contributing to a surge in Korean overseas travel, which is on track to continue through 2006.

### China

The outlook for Chinese travel remains very positive, sustained by unabated growth in outbound travel demand. The China National Tourism Administration recently forecast that 35 million Chinese will travel overseas this year, making it the leading Asian travel market. Unfortunately, the Canadian tourism industry cannot fully capitalize on the potential offered by this rapidly expanding market until the implementation of Canada's approved destination status (ADS) with China. Negotiations for ADS are progressing slowly and it appears unlikely that they will be completed before the end of this year.

Nonetheless, *BO Survey* participants expect strong growth in Chinese visits during the third quarter of 2006 compared with the same quarter a year ago. Overall leisure travel is expected to jump 10.1% during this period, boosted by a 10.8% increase in group leisure travel. Meanwhile, FIT is expected to rise 8.4%. Direct air capacity between China and Canada is scheduled to increase significantly over the third quarter of 2006, supporting the buoyant outlook for Chinese visits to Canada this summer.

### Australia

*BO Survey* participants anticipate 3.3% growth in Australian travel to Canada during the summer travel season. Group leisure travel is expected to rise 5.6% during the third quarter of 2006, compared with the previous year, while growth in FIT lags behind at 2.1%. There still do not appear to be any plans for direct flights between Australia and Canada in 2006, but the level of air capacity (for flights with one stop) is slated for a significant increase. The pace of growth in Australian outbound travel has eased since the middle of last year. On balance, solid travel trends support a positive outlook for Canada's Australian travel market over the summer travel season. **7**



# Summer 2006

## PERSPECTIVES

*In anticipation of another summer season, TOURISM has once again approached those in tourism's frontlines for their insights on the coming season. Will it be another prosperous step in the gradual return to pre-2001 levels, or will growth be hampered once again by elements far beyond our control? From Atlantic to Pacific, operators had high expectations for the peak season, despite the obvious challenges on the horizon.*

*Here in the Okanagan our early reservations are up 16% to date. It seems as though short-haul trips are definitely increasing. We're also seeing a great deal of interest in ecotourism and sports tourism; both are growing rapidly as we get ready to embrace the world for 2010 Olympics. Certainly our marketing opportunities are at the highest level ever in regards to putting ourselves on the map to the world. The immediate challenges for this coming summer are the day-by-day increases to fuel prices and "the passport issue" for our American neighbours.*

**Joe Morelli, Days Inn & Conference Centre, Penticton, BC**

*Well last year was pretty slow, and I don't see anything changing from then till now. It seems that the numbers of people, of travellers generally, are down. I don't expect this summer to be much better with gas prices the way that they are.*

**Monique Allard, Chez Monique, Whitehorse, YK**

*Compared to last year I think we'll see a minor decrease. Our numbers were great last summer because of the Centennial celebrations; they brought a lot of leisure travel our way. Most of our guests are domestic but with the exchange rate hovering around 90-cents like it is today, that could affect the number of American visitors.*

*We have a lot of RV and auto travellers because we're close to the Trans-Canada highway, but really, people have expected gas prices to be on the rise for a while now. I don't think that that alone will be enough to deter people; it hasn't been in the past, for our business anyway.*

**Vicki Pantelopoulou, Regina Inn Hotel and Conference Centre, Regina, SK**

*We've seen steady increases since we launched; we're now in our fourth year of operation and I would expect an increase of roughly 200% over last season. Our market is primarily European, probably 80% from France and then some from Belgium and Switzerland as well.*

*The biggest challenge for us is finding accommodation for certain dates in certain cities. Large conferences can be a problem for us, although they are good for the destination. We planned well ahead for the Outgames and secured our space but there are conferences coming in Toronto, and we have not yet secured space during those times.*

**Jason Lehoux, Authentik Canada, Montréal, QC**

*We're only just getting started for the summer season. It looks like it is off to a good start but as with any outdoor activity, spring can be very weather dependent. There are always troughs and crests but generally speaking zoos are better able to weather these than some of the other tourism attractions.*

*There has been a drop in tourism across Atlantic Canada it seems, but our numbers have been pretty much stable; the local community is a big market for us and that helps.*

*People often overlook the attraction value of zoos in favour of "big tickets" but we do have a great economic impact considering we really have only seven weeks of good attendance.*

**Bruce Dougan, Magnetic Hill Zoo, Moncton, NB**

*Early reservations are not the norm for us these days. We find more travellers, both business and leisure, make their arrangements within three days of their travel date. We are seeing an increase in online reservations; and customers do use information provided on the internet to influence their buying decision. Most have done their shopping around prior to making the final choice.*

*During the winter season, our area is known for its skiing, and in the summer golf and our waterfront are big attractions. We draw a large percentage of visitors from the Greater Toronto Area. The biggest opportunity for us is with the "new Canadian" market; they visit our area for skiing, golfing, outing, and simply enjoying the outdoors and exploring the region and its local history.*

*As I'm sure is the case with many other operations, the high cost of gas and the cross border issues may put a hamper on driving vacations this summer which will have negative impact on our business.*

**Stella Gan, Days Inn, Barrie, ON**

*We've been booking very early. The dates around the Grand Prix race and the Outgames have been sold out for quite some time, since last September I guess. Basically from the day they announced the dates of the Outgames the phone started ringing; it's better for me though because my business is only about a five-minute walk to most of the venues.*

*I'd say my reservations are about one-third Canadian, one-third American and the rest from Europe. Many of my colleagues are concerned about gas prices but I don't think it will be that big of an issue for me. My customers often don't drive in the city that much and choose to walk instead. Also, you have to remember that in Europe gas prices are much more expensive than here, and have been like that for many years. They are accustomed to paying that much for gas.*

**Ann Messier, Au Git-Ann Bed & Breakfast, Montréal, QC**

*We're more into the fishing part of the business than the lodges, but I can say that our "regulars" – the customers that book every year – have already booked in, and I do expect that this will be a busy summer with the tourist crowd. Most of the regulars book for May or June which leaves the summer open for walk-in or short notice bookings.*

*We are down just a bit from the American market, but we have a return rate of about 80-85% so I'm certain that we can make it up. The American dollar exchange against the Canadian probably has a part to play in that drop, and I'm certain that gas prices will have an impact. In fact, just last fall I had a group from Atlanta call and cancel a trip because of that. They were concerned that fuel may be rationed or that they couldn't get gas along the way.*

**Byzie Coughlan, Country Haven Lodge and Cottages, Gray Rapids, NB**

*We're seeing a bit of a switch from American visitors to Canadians. We're now about 70 or 75% Canadian. I'm sure the fine folks south of the border are having some concerns with the exchange rate because the discount just isn't there anymore.*

*The rising energy costs will be a big factor for us this year. We're going to have to adjust the prices to reflect this high cost of doing business. We use a lot of fuel for the airplane and for the boats, even with diesel engines. The ferry situation from a few years ago does seem to be pretty much corrected though.*

**Jim Burton, Flowers River Lodge, Labrador, NL**





## NEW FACES AT THE CTC

### Board and committees:

**Christena Keon Sirsly** has been appointed chair of the Europe and Latin America marketing committee. She is chief strategy officer with VIA Rail Canada. With continuous involvement in the travel and tourism sector since 1976, she has spearheaded a number of innovations, including the creation of VIA Preference, the establishment of VIA's successful website along with the development of VIA's internet reservation system, since joining VIA in 1985. Sirsly has served as chair on the CTC's Canada and US marketing committees.

**Stan Cook Jr.** has been appointed chair of the product innovation and enhancement committee. A

committee member since 2000, Cook is vice-president of operations and head guide of Stan Cook Sea Kayaking Adventures in St. John's. He has served on the board of Hospitality Newfoundland and Labrador since 1997 and was elected to the board of the Tourism Industry Association of Canada in 2005.

**Richard Dicerni** has been appointed deputy minister of Industry Canada, and an ex-officio member of the CTC board of directors. From 1997 to 2005, he was senior vice-president, corporate and environmental affairs, executive vice-president and corporate secretary, then acting president and CEO of Ontario Power Generation Inc. In 1995/6, he was deputy minister, education and training and deputy minister, intergovernmental affairs for the Government of Ontario.

### Staff:

**Neil McInnis** has been named executive director of research. His tourism career spans 17 years, most recently as manager of tourism research at Travel Manitoba. He has been a member of the CTC research committee's core survey sub-committee and the implementation task force for the Travel Activities and Motivation Study (TAMS).

**Christine Loth** has been named executive director of planning. She has spent the past ten years with Fisheries and Oceans Canada as a strategic planner, work which included the development of federal horizontal policy frameworks.

**Ernst Flach:** marketing manager, US Leisure; **Fabienne Garlatti:** translator/editor; and **Renée Tessier:** translator/editor. **T**

## Conquering the world of e-business

A new guide from the Canadian Tourism Commission (CTC), *Learning About Computers, the Internet and E-business: Guide to Federal Government Courses and Services for SMEs*, provides small- and medium-size business enterprises (SMEs) with tips and contacts to help business owners conquer the world of e-business and, in the process, boost profitability. In addition to the guide's comprehensive listings of federal agencies, educational opportunities and contact information, it includes details on training programs and special resources for the heritage and aboriginal sectors.

"Doing business on the internet is key to succeeding in today's business climate," said Deborah Greening, chair of the SME committee and Saskatchewan-Manitoba industry representative to the CTC board. "This is our way of helping SMEs get the assistance they need, so that they can take full advantage of e-commerce tools."

**The CTC booklet, released April 18, 2006, is available on [www.canadatourism.com](http://www.canadatourism.com). To order a printed copy call 613 946-1000 ext. 3831 or e-mail: [willbond.francine@ctc-cct.ca](mailto:willbond.francine@ctc-cct.ca).**

## People

**Donald Pinkney:** regional sales manager (Vancouver and Lower Mainland), Accent Inns hotel chain... **Candace Phelps:** vice-president and director of marketing, Tourism Saskatchewan... **Clark Squires:** vice-president of sales and partnerships, SolutionInc... **Vicki Lymburner:** president, Ontario Tourism Education Council... **Leo Ledohowski:** chairman, Manitoba Hotel Association.

**Duncan Bureau:** vice-president of sales, WestJet... **James Datlen:** general manager, Hilton Garden Inn Toronto/Mississauga... **Maxim Ridorossi:** chef, King Pacific Lodge, BC... **Katrina L. Alm:** director, marketing and sales, Home On The Range Adventure Tours, Calgary... **Arthur J. Nigro:** general manager, InterContinental Toronto Centre... **Morgan Geisler:** provincial communications officer, BC Centre for Tourism Leadership and Innovation, Capilano College.

**Doug McCandless:** director of sales, the Capilano Group of Companies in BC and Alberta... **Kathleen Warren:** chair, Canadian Institute of Travel Counsellors... **Juna Ueda:** business development

manager, FCm Travel Solutions... **Heather Ford:** chair, Ontario Accommodation Association... **Daniel Ilias:** general manager, King Pacific Lodge, BC... **Mike Foster:** chair of the ACTA Ontario Regional Council... **Kristi Meek:** president, Meeting Professionals International (Manitoba Chapter).

**Alan Boivin:** general manager, Delta Rocky Crest Resort... **Perry Kendall:** general manager, Delta Hotels' global reservation services, and **Joël Roy:** executive director of reservations for Delta Hotels... **Alan Clogg:** general manager, Georgian Court Hotel, Vancouver... **Erik Kalacis:** vice-president, sales and marketing at Rossland, BC's Red Resort.

**Tobe Raagner:** sales representative BC and US; **Kathryn McClean:** sales representative Eastern Canada; **Reggie Lang:** sales representative Prairies, all for WestJet's groups and conventions sales team... **Josephine Wasch:** manager, international sales (leisure); **Barry Dane:** manager, Americas (leisure); **Pamela Darragh:** manager, international meetings & conventions; **Tracy Wohlgenuth:** manager, meetings & conventions (Canada), all at Tourism Calgary. **T**

## Tourism

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